



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

April 18, 2019

The Honorable Kirk Caldwell  
Mayor, City and County of Honolulu  
530 South King Street, Room 300  
Honolulu, Hawai'i 96813

Dear Mayor Caldwell:

I am responding to your letter dated April 11, 2019, which was addressed to Senate President Ronald Kouchi and Speaker of the House Scott Saiki regarding the Ala Wai Flood Risk Management Project ("Project").

I appreciate the City and County of Honolulu's ("City") commitment to the Project, including its agreement concerning future operations and maintenance responsibilities. The State is also committed to the Project and is seeking the \$125,000,000 local matching funds pursuant to our prior discussions and the City's agreement to sign the project partnership agreement ("PPA").

Although the State and City originally had discussed signing the PPA jointly, with delineated responsibilities for each participant and with no joint and several liability, that idea was rejected by the U.S. Army Corps of Engineers ("USACE"). While I disagree with the USACE's position, consistent with our prior discussions, the State will not enter into a PPA that requires the State to bear joint and several liability with the City. The State's agreement is to seek the \$125,000,000 local share of capital funds but not to become liable or otherwise responsible for the construction, operations and maintenance of the Project, including cost overruns. These are clearly City obligations. Because of the USACE's position, however, any negotiations regarding the PPA should be solely between the City and the USACE.

Consistent with our agreement, I am committed to seek State funding for the local sponsor's one-time share of the Project in the amount of \$125,000,000. Consistent with the FY 2019 – 2021 Executive Biennium Budget that I submitted to the State Legislature, the Legislature has authorized the first two years of debt service payments towards financing the \$125,000,000. If the City signs the PPA by June 28, 2019, I am prepared to enter into a sub-agreement or memorandum of understanding with the City to provide \$125,000,000 towards the local sponsor's financial commitment under the

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PPA and obtain the \$125,000,000 through the issuance of certificates of participation by the Department of Budget and Finance. At the April 4, 2019 meeting held at the State Capitol, representatives from the USACE informed City and State attendees that the \$125,000,000 could be on a deferred payment schedule, for which the first payment will not be required until the Project is completed. Going forward, the City will be solely responsible for the cost of any betterments sought by the City and any additional costs to complete the Project beyond the \$125,000,000.

We all understand the importance of the Project to Honolulu and the State as a whole, and I am committed to moving this Project forward in a responsible manner that is consistent with each entity's obligations and commitments.

Thank you for your cooperation in this effort.

With warmest regards,



David Y. Ige, Governor  
State of Hawai'i

Enclosure

c: The Honorable Mazie Hirono  
The Honorable Brian Schatz  
The Honorable Tulsi Gabbard  
The Honorable Ed Case  
Senate President Ronald Kouchi  
Speaker of the House Scott Saiki  
Members of the Hawai'i Senate  
Members of the Hawai'i House of Representatives  
Members of the Honolulu City Council  
BG Tickner, USACE Pacific Ocean Division  
LTC Sanborn, USACE Honolulu District